

FINANCIAL INCLUSION OF WOMEN : SHG AN ENGINE OF WOMEN EMPOWERMENT

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Abstract:

Women are given prime importance in Gender budgeting and occupies an important place in working population. Women's engagement with financial institutions would help them in their development and the society in general. The awareness among the Women related to Financial access and inclusion needs to be raised and lot of efforts of the Government on this aspect. According to Global Findex 2017 there is an improvement in the inclusion. The gender gap in terms of account ownership effectively reduced from 20 percentage points in 2014 to just 6 percentage points in 2017. But the gender gap in the usage of these accounts stayed high at 11 percentage points. The accounts of more than half of the women who have access to formal financial services are dormant. Women's engagement with financial institutions and their ability to access participation in work and credit from such institutions can increase their social capital.

Micro finance is a powerful tool for women empowerment because of access to micro credit in small amounts but the outreach is insufficient. The Government is providing lot of subsidies and matching grants to micro finance to encourage the women to participate in development process. This paper studies the role of Micro finance in the financial inclusion of women.

Keywords: Development, Women Empowerment, financial inclusion, Micro finance, Gender gap, Global Findex.

Introduction:

Micro finance plays an important role in the World. There has been a paradigm shift in the Government policies to support the economy for revival. Besides there is a prerequisite on the part of the State to support the poor and the disadvantaged sections especially women. The feminist approach of Women empowerment pronounces the gender equality and women's rights. Micro finance is the preparatory idea for a wider concept of socio-economic and political empowerment. Political empowerment without economic empowerment is a myth. The gender awareness and feminist approach to empowerment is a preliminary approach in achieving the broader area of empowerment.

In 2018 ending there were 2.94 clients who has taken loans worth of Rs.60,594 crores from NBFC-MFIs in which a significant percentage of clients are women. The Micro-finance institutions provide loans to the Women Micro-entrepreneurs through small liability groups. The noteworthy point here is each group borrows without any collateral or documentation which gives a boost to the women entrepreneur. Further the women use it for the income generation activities like handicraft, agriculture, animal husbandry, handicraft, trading and other small businesses.

The presence of microfinance branches in the rural areas in the absence of banks or other financial institutions ensure prompt credit delivery to people in need. The notable point here is the women micro-entrepreneurs have better financial discipline and prompt repayment of loans. This paper studies the role of Micro finance in the financial inclusion of women. The strength of the woman lies in the economic empowerment and self-sustainability.

The women entrepreneurs are taking micro-loans and thereby overcomes the problem of unemployment, poverty alleviation and creation of a economically healthy society.

Objectives:

The following are the objectives of this study:

1. To study the impact of Micro finance on Women participation.
2. To study the influence of micro finance in financial inclusion.

Methodology:

This study is based on the Secondary data from various sources i.e., NABARD Annual report on Status of Micro Finance in India 2020-21, NSSO Data, Government of India reports, Press Information Bureau, data reports published by Government websites.

Review of Literature:

Women Empowerment is a effective concept to denote the outcomes of the participation." The term has been used more often to advocate for certain types of policies and intervention strategies than to analyse them, as demonstrated by a number of documents from the United Nations (UNDAW 2001; UNICEF 1999), the Association for Women in Development (Everett 1991),

Narayan et al. (2000a) focus on state and civil society institutions at both national and local levels, including informal institutions such as kinship and neighbourhood networks. Institutions at the micro level, such as those of marriage and the household, are not considered part of the state or of civil society, but interpersonal gender dynamics within the household are considered part of the equation of social exclusion and in need of directed efforts at change.

To understand the framework of empowerment, Bennett (2002) has developed a framework in which "empowerment" and "social inclusion" are closely related but separate concepts. Bennett elaborates empowerment as "the enhancement of assets and capabilities of diverse individuals and groups to engage, influence and hold accountable the institutions which affect them."

Narayan (2002) and Ravallion and Chen (2001, in their discussion of "pro-poor growth") also discuss, systemic change is necessary to sustain empowerment over time. It is through the process of social inclusion that the "rules of the game" are modified and institutions transformed so that economic growth is widely shared. Bennett argues that the distinction between empowerment and social inclusion is important because the World Bank's comparative advantage is at the system or policy level..

The Four Approaches to Women-Empowerment through Micro-credit:

1) Economic Empowerment:

Due to women's access to credit in Micro finance gives them a sense of freedom in spending, decision-making, savings, education of children, acquiring the household items etc. they also acquire new skills, entrepreneurship, training, meetings with the peer group, communication with the financing staff. The study shows that their economic role in decision-making both household and business increased. The identity proofs required from time to time and the bank linkage programme also opened new opportunity for them in the economic participation. The income generation through the micro-finance also gives them an opportunity to them to reach the optimum level of economic activity and also their self-respect and confidence levels. The peer group involved in this activities leads the way to the other women in that area to come forward and thus lead to a 'trickle-down effect'.

The Loan repayment capacity is more than of men due to their punctuality in payment and also propensity to save. The participation of women in income-earning activities have shown the investment in income-earning investments by the women entrepreneurs and re-invest in the next

cycle. There has been a significant evidence of spending of women participants in household well-being and children's education and health.

2) Poverty alleviation Argument:

The second argument of the Self-help groups through micro finance is the Poverty alleviation of the rural people hence leading to increased well-being, creation of physical assets, poverty reduction and community development. Women generally participating in micro finance does the small savings group formation, loans for consumption gets the subsidies for certain cases. In particular there are some programmes which targets the poverty in backward areas. Women's participation in these groups. Studies show evidence in increased well-being in the household due to the participation in the SHG programmes.

3) Credit Access by the Women Beneficiaries:

The communication between the women entrepreneurs and the confidence through interaction with financing staff and groups have increased their role in decision-making and leadership skills. The gender mainstreaming arguments focuses on the unequal division of property rights to women, denial of property, domestic abuse and dowry. All these challenges have made minimal due to the financial interventions of the Micro finance and reduced their economic and social burden.

In India there are various programs in Micro finance area which targets the gender advocacy through programmes like SEWA and Working Women's forum to promote the gender awareness. The women participants are also part of national and international policy

4) Material welfare of the Women:

The participation in micro finance also led to the increased expenditure on the material requisites of the well-being. Their bargaining power in work force and decision about the business enhances the self-confidence and self-sustainability of the family. It also promotes the trust among the family members about the future and increased education expenditure and health facilities. The quality of food also increased due to the awareness of the women and their exposure to the outer society and also the peer group. Their interactions with other women enhanced their self-confidence there by increased the economic welfare of the family. Women's control over financial decisions benefits the household due to prevention of wastage of income for unproductive activities. This argument is basically to focus on alcoholic usage of male members in the family.

Financial Empowerment of Rural Women through Government Schemes:

The Government is giving encouragement to the Rural women through the following Schemes. Department of Financial services devised six schemes namely Pradhan Mantri Jan-Dhan Yojana (PMJDY), Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan, Atal Pension Yojana (APY), Stand-Up India (SUPI) and Pradhan Mantri Mudra Yojana (PMMY) and for including the women in development process and encourage the entrepreneurship development of women the Micro entrepreneurs are taking advantage of the schemes and enhanced taking of loans through these schemes. The following table shows the percentage of accounts held by the women beneficiaries.

Table1: Total Percentage of Women Accounts in Schemes

Scheme	Total Accounts	Women Accounts
PMJDY	417,498,276	231,226,199 (55.38%)
PMJJBY	9,88,79,708	2,67,91,274 (27.09%)
PMSBY	22,26,96,354	8,34,94,070 (37.49%)
APY	28,510,260	12,445,034 (43.65%)
PMMY	274,761,862	186,045,718

		(67.71%)
SUPI	110,333	90,185 (81.73%)

(Source: www.pib.gov.in as on February 2021)

In the above table we can observe the number of accounts held by women in Government run schemes PMJDY, PMJJBY, PMSBY, APY, PMMY and SUP are 55.85%, 27.09%, 37.49%, 43.65%, 67.71%, 81.73% respectively.

The Ministry of Micro, small and Medium Enterprises scheme namely Prime Minister's Employment Generation Programme extends the benefits to the Women beneficiaries. In this scheme major share of micro enterprises are held by the women entrepreneurs which is a significant improvement in the participation rates compared to the 1980's. Besides the Government encourages Women entrepreneurs by giving tax subsidies and Loans at a lower rate exclusively for women. This is mainly introduced to motivate the women towards business including non-farm sector, rural artisans and unemployed youth. The percentage of women in the micro-enterprises increased from 26% in 2015-16 to 37% in 2020-21. The women participation has increased over the years due to the Government led efforts to publicise the women micro-enterprises through the personnel and media.

Table 2: Share of Women Micro-Enterprises in Total Micro-Enterprises.

Year	No. of Micro-enterprises setup	No of Micro-enterprises setup by women
2015-16	44340	11356 (26%)
2016-17	52912	14768 (28%)
2017-18	48398	15670 (33%)
2018-19	73427	25378 (35%)
2019-20	66653	24720 (37%)
2020-21	31923	11862 (37%)

(Source: www.pib.gov.in as on February 2021),

The Ministry of Rural development is implementing two welfare schemes in the field of skill development for rural poor youth under the National rural Livelihoods Mission (NRLM) for gainful employment including women. We can observe the Women trained NRLM programme have increased 45% in 2015-16 to 51.41% in 2020-21. If we take the data Women placed after training activities the percentage of women placed have increased from 45.22% to 47% in the total percentage placed.

Table 3: Percentage of Women placed after Training through NRLM

Year	Total Trained	Women Trained	Total Placed	Women Placed
2015-16	236471	106419 (45%)	109512	49855 (45.22%)
2016-17	162586	63409 (39%)	147883	59147 (40%)
2017-18	131527	51401 (39.08%)	75787	30307 (39.98%)
2018-19	241080	116172 (48.18%)	138248	55685 (40.27%)
2019-20	238336	122617 (51.44%)	150199	66454 (44.24%)
2020-21 (Till December 2020)	9986	5134 (51.41%)	36933	17362 (47%)

(Source: www.pib.gov.in as on December 2020)

One of the major Micro finance model in India is SHG-BLP from 1992-93 has progressed as a cost-effective mechanism and easy to manage accounts and reach the poorest of the poor as a hassle-free

financial commitment. In the beginning it started as a pilot-programme to link the 500 SHGs to financial institutions, but later evolved as the largest network of microfinance in terms of clientele. The NGOs which played a vital role in nurturing the credit linking of SHGs with banks. NABARD has included the RRBs, DCCBs, PACs, Individual Rural Volunteers as SHPIs. NABARD with its Capacity Building Programmes, Seminars and Workshops to the Stake holders including the members have created an awareness among the Women.

Joint Liability Groups:

Another model of Micro finance Joint Liability Groups introduced in 2004-05 in eight states. In this model 4 to 10 members engaged in same economic activities are formed into a group and willing to repay the loans taken by the Group from banks. JLGs are the credit groups of the marginal farmers or poor coming under the same roof to save, take loans and repayment through mutual guarantee. In this way they are building themselves together against the poverty. NABARD supports the JLG programme by providing grants and promoting JLG Promoting Institutes. (JLGPI)

Conclusion:

From the above discussion it can be concluded that micro finance plays a significant role in the social and economic empowerment of women in India. Women avail Micro finance and its effective utilization has a profound role in bargaining power, economic status, decision-making power, improvement in their role in household. The self –sustainability and confidence levels also improved due to the financial inclusion through Micro-finance. Financial inclusion of women plays a vital role in economic growth and financial deepening.

Microfinance is accepted as a key mantra for attaining and maintaining the sustained and long-term economic growth in all over the world. Reaching poor people on massive scale with popular products on a continuous basis involves rethinking the basic assumptions and making the changes. Today microfinance is striving to match the convenience and flexibility of informal sector while adding flexibility and continuity.

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